

MLN Matters Number: MM3416

Related Change Request (CR) #: 3416

Related CR Release Date: October 22, 2004

Effective Date: April 1, 2005

Related CR Transmittal #: 12

Implementation Date: April 4, 2005

New Policy and Refinements on Billing Noncovered Charges to Fiscal Intermediaries (FIs)

Note: This article was revised to contain web addresses that conform to the new CMS web site and to show they are now MLN Matters articles. All other information remains the same.

Provider Types Affected

Providers who bill Medicare fiscal intermediaries (FIs)

Provider Action Needed

This instruction refines guidance in Chapter 1, Section 60 of Medicare's On-Line Publication 100-04, the *Medicare Claims Processing Manual*. It serves to effect compliance with the Health Insurance Portability and Accountability Act (HIPAA) in ensuring that all services not covered by Medicare may be submitted and accepted on Medicare claims, which in turn can be crossed over to subsequent payers.

Background

Basic comprehensive instructions on billing noncovered charges to FIs are found in Chapter 1, Section 60 of Medicare's On-line Publication 100-4 on Claims Processing, and summarizes several prior program memoranda.

(See Transmittal R25CP, Change Request (CR) 2634, October 31, 2003, *Billing Non-Covered Charges to Fiscal Intermediaries – Summary and New Instructions*, at <http://www.cms.hhs.gov/transmittals/Downloads/R25CP.pdf>.)

The scope of these instructions is limited to institutional fee-for-service claims and not other types of transactions using claim formats.

Since publication of the summary instructions and one clarification (see Transmittal R133CP, CR 3115, April 2, 2004, *Billing Non-Covered Charges to Fiscal Intermediaries – Summary and New Instructions – Clarification*, at <http://www.cms.hhs.gov/transmittals/Downloads/R133CP.pdf>), the Centers for

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Medicare & Medicaid Services (CMS) has become aware of other required refinements and new need(s) including the following:

- Allowing totally noncovered provider-liable outpatient claims without either condition codes 20 or 21 – **NEW NEED**; Your FI will accept and process to completion totally non-covered outpatient claims as long as either: (1) condition code 20 or 21 appear on the claim; (2) no other indicators appear at the claim or line level to indicate a possibility of beneficiary liability; or (3) all indicators at the claim or line level indicate provider, not beneficiary, liability.
- Providing additional guidance on billing bundled services related to an Advance Beneficiary notice (ABN) with specific examples for rural health clinics (RHCs), federally qualified health clinics (FQHCs) and laboratory panel tests billed on institutional claims – **REFINEMENT**;
- Bypassing of some edits related to non-covered ambulance line items billed as noncovered using the QM or QN modifiers so those claims/line items can process to completion – **REFINEMENT**; and
- Other updates to website addresses, conforming text and comparable administrative changes.

Finally, although the basic principles of billing non-covered charges are static, there will be some ongoing adjustments required due to changes in related policy areas, which is true with any type of billing.

For example, as CMS refines its beneficiary financial protection notices, such as the ABNs and Notices of Exclusion from Medicare Benefits (NEMBs), the policies on billing non-covered charges will also be subject to review and potentially change, since they are intertwined with these notices in terms of determination of liability. (See NEMBs listed on the CMS web site <http://www.cms.hhs.gov/BNIL/>.)

Policy related to ABNs and similar notices has been evolving rapidly since 2000 and the ramifications of changes in this policy area for billing are likely to continue into 2005.

Implementation

The implementation date for this instruction is April 4, 2005.

Additional Information

Revisions to the Medicare General Information, Eligibility, and Entitlement Manual (Pub. 100-01) and the Medicare Claims Processing Manual (Pub. 100-04) are attached to the official instruction issued to your FI. You may view that instruction by going to <http://www.cms.hhs.gov/transmittals/Downloads/R12GI.pdf> on the CMS web site.

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If you have any questions, please contact your intermediary at their toll-free number, which may be found at <http://www.cms.hhs.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS web site.

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